



DEPARTMENT OF STATE
BRIEFING MEMORANDUM

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6/13/77

To: The Secretary
From: S/P - Anthony Lake

Progress on Latin American Issues

The President's Pan-American Day speech on April 14 before the OAS established an agenda to guide our Latin American policy. The following checklist suggests that while significant progress has been made in several areas of this agenda, most have witnessed either moderate or very limited advances.

The US has seized the initiative through its commitment to human rights; Mrs. Carter's trip has underscored our interest in "people" issues. As a general rule, however, political issues, including Panama and Cuba, are proving more amenable to resolution than many of the economic problems that must be addressed from a global perspective. And some political concerns -- nuclear power, arms limitations -- also depend upon progress in global fora. Portions of our agenda -- new development strategies emphasizing the needy, combating drugs and international crime, utilizing satellites for educational purposes in LDCs -- are not yet ready for action. Still others -- political refugees, IFI replenishment -- require congressional support.

I. ISSUES SHOWING PROGRESS

1. Human Rights: Governments increasingly understand that the US is committed to its human rights stance. Specifically, the President signed on June 1, the American Convention on Human Rights negotiated several years ago in Costa Rica. You will be proposing a strengthening of the Inter-American Human Rights Commission, and supporting a resolution to maintain a watching brief for the Commission on Chile. You will state that the US is willing to allow on-site investigations by the Commission at times and places of its choosing.

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2. Consultations: The Latins have been impressed with Mrs. Carter's interest. Andrew Young made a forceful presentation of US views and inspirations before a UN meeting in Guatemala in May. Secretary Blumenthal spoke with Finance Ministers at the IBD meeting also in Guatemala City. The high-level consultations with the Mexicans will be followed up in designated working groups. Your decision to hold bilaterals with all the Latin Foreign Ministers demonstrates our desire to consult.

3. IFI Replenishment: The Administration has requested appropriations for FY 1978 totalling \$2.3 billion for the two major development banks lending to Latin America: \$600 million for the Inter-American Development Bank and \$1.6 billion for the World Bank Group (although most of this is for IDA, which lends only marginally to Latin America). The growth rate of both banks -- and our contributions to them -- belies the charge that the US is using human rights as an excuse to reduce overall resource transfers.

4. Panama Canal: Since the President's speech, considerable progress has been made on most of the major issues although in the last negotiating session the Panamanians appeared to backtrack in some areas.

5. Cuba: Relations are improving on a measured and reciprocal basis and "interest sections" will be established in the next two to three months.

II. ISSUES SHOWING SOME PROGRESS

1. Resolving global economic issues: Some progress has been made at CIEC on commodities and resource transfers, and you have expressed a desire to continue the North-South dialogue in multilateral fora. The anticipated significant increase in the IMF's resources will facilitate international financial adjustments.

2. Developing strategies to promote basic human needs: You will propose at the upcoming OECD ministerial that the OECD step up its efforts to develop programs that aid the needy. We support the World Bank's "World Development Program" that will focus on a basic human needs strategy. While this general approach to

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development assistance is rapidly winning converts among donors, work remains to be done on the specifics of implementation. Less enthusiastic are some Latin governments, with their emphasis on urban industrialization.

3. Nuclear Non-Proliferation: The President has signed the Treaty of Tlatelolco, which calls for a hemisphere free from nuclear weapons. Our efforts to slow down Brazil's acquisition of plutonium reprocessing have not been successful thus far, but we are moving forward in an international fuel cycle evaluation effort to resolve such issues on a global basis. We have invited Brazil -- as well as Venezuela, Mexico and Argentina -- to participate in this effort and are awaiting their responses.

4. Conventional Arms Limitation: The Administration announced a policy of unilateral restraint whereby arms sales will be approved on an exceptional basis only, and is probing avenues for multilateral supplier restraint. We are approaching interested parties in an effort to find ways to slow the arms buildup in the Andean region; however, historical hostilities and mutual suspicions caution against optimism and our approaches have yet to produce much movement.

5. Political Refugees: The Administration is supporting congressional action that will open refugee programs to a wider geographic and political spectrum of refugees, in large measure to meet the Latin American condition. No multilateral action has yet surfaced, partly because some of those very Latin countries who are most receptive to refugees prefer not to publicize their presence.

6. Satellite Communications: AID has budgeted \$1 million for pilot projects using satellites to transmit educational programs, but more comprehensive -- and expensive -- proposals are still in the planning stage. The cost-benefit of such programs is still a subject of debate.

III. ISSUES SHOWING LITTLE OR NO PROGRESS

1. MTN Negotiations: The Geneva negotiations have been bogged down for some time -- but the Administration is committed to unjamming them in the near

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future. Protectionism, at least, has been held in check.

2. Private Investment: No major expropriation disputes have arisen recently in the hemisphere, and your OAS contingency intervention is designed to encourage continued flexibility by all concerned. However, some of the underlying causes for past confrontations remain, and new mechanisms or formulas to orderly settle disputes have not been tabled.

3. Regional Economic Integration: The Andean, Central American and Caribbean Common Markets are either stagnant or actually besieged by centrifugal forces. The consequent reliance on OECD markets for DDC export growth focuses attention on the MTN and steady growth in the industrial countries.

4. Drugs and international crime, including terrorism: No new major initiatives, but existing programs continue in force.

5. OAS Peacekeeping: No dispute has recently shown itself to be amenable to the good offices of the OAS. Secretary General Orfila's offers to mediate the Belize question have not been well received by the parties involved.

6. Cultural Exchanges: More opportunity than action so far. Even minimum expenditures seem hard to clear through OMB.

SOUTHERN CONE BLOC

A development we would not welcome is the formation of a bloc of right-wing military governments in the southern cone: Argentina, Chile, Uruguay, Paraguay, Bolivia and Brazil. Efforts to weld such an ideological and geo-political bloc have so far only spawned a possible pre-OASGA caucus of Foreign Ministers, but the threat remains. Such an alliance would have a negative impact on those very issues where the most progress has been made -- human rights, consultations and increased development assistance (because of congressional anger). Our embassies have been instructed to quietly but firmly

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discourage such an anti-US bloc. Nevertheless, the internal dynamics of violence so evident in several of the southern cone countries makes it difficult for those governments to accept our concern for human rights. Measures to effectively prevent the formation of such a bloc, or reduce its impact, will have to be studied further.

The NSC has directed the Department of State to submit by July 1 a package of recommendations to follow up on the issues raised in the President's OAS address. The issues are so complex that a further extension may be required if the report is to be more than a paper exercise.

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Concurrence: ARA/PPC - Mr. Einaudi (Draft)
S/P - Mr. Kreisberg

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